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Transcript Exhibit(s)

Docket #(s): W-03528A-06-03B

Exhibit #: A1-A6, S-1

MEMORANDUM

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2006 SEP -1 A 10:11

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

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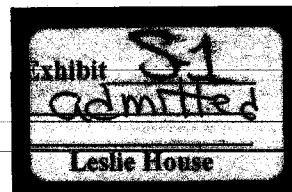
Date: September 1, 2006

RE: STAFF REPORT FOR PICACHO WATER COMPANY AND PICACHO SEWER COMPANY - APPLICATIONS FOR EXTENSION OF EXISTING CERTIFICATES OF CONVENIENCE AND NECESSITY FOR WATER AND WASTEWATER SERVICES (DOCKET NOS. W-03528A-06-0313 AND SW-03709A-06-0314)

Attached is the Staff Report for Picacho Water Company and Picacho Sewer Company applications for extension of existing Certificates of Convenience and Necessity to provide water and wastewater services. Staff is recommending approval with conditions.

EGJ:BNC:tdp

Originator: Blessing Chukwu



FILE COPY

Service List for: Picacho Water Company and Picacho Sewer Company
Docket Nos. W-03528A-06-0313 and SW-03709A-06-0314

Mr. Jim Poulos
9532 East Riggs Road
Sun Lakes, Arizona 85248

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Company Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

PICACHO WATER COMPANY AND PICACHO SEWER COMPANY

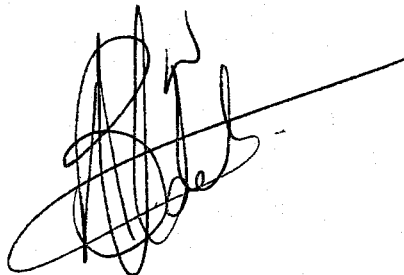
W-03528A-06-0313 AND SW-03709A-06-0314

APPLICATIONS FOR EXTENSION OF EXISTING CERTIFICATES OF CONVENIENCE
AND NECESSITY

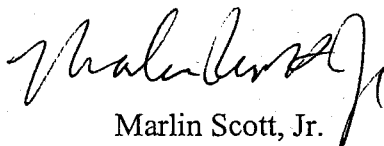
SEPTEMBER 1, 2006

STAFF ACKNOWLEDGMENT

The Staff Report for Picacho Water Company and Picacho Sewer Company (Docket Nos. W-03528A-06-0313 and SW-03709A-06-0314) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Companies' application. Marlin Scott, Jr. was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to be 'Blessing Chukwu', with a long horizontal line extending from the end of the signature.

Blessing Chukwu
Executive Consultant III

A handwritten signature in black ink, appearing to be 'Marlin Scott, Jr.', with a long horizontal line extending from the end of the signature.

Marlin Scott, Jr.
Utilities Engineer

EXECUTIVE SUMMARY
PICACHO WATER COMPANY AND PICACHO SEWER COMPANY
APPLICATIONS FOR EXTENSION OF EXISTING CERTIFICATES OF
CONVENIENCE AND NECESSITY TO PROVIDE WATER AND WASTEWATER
SERVICES
DOCKET NOS. W-03528A-06-0313 AND SW-03709A-06-0314

On May 4, 2006, Picacho Water Company ("PWC" or "Water Company") and Picacho Sewer Company ("PSC" or "Wastewater Company") collectively referred to as ("The Utilities") filed applications with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of their Certificates of Convenience and Necessity ("CC&N") to provide water and wastewater services in portions of Pinal County, Arizona. On July 13, 2006, Staff filed a Sufficiency Letter for PWC indicating that the application had met the sufficiency requirements of A.A.C. R14-2-402. On July 20, 2006, Staff filed a Sufficiency Letter for PSC indicating that the application had met the sufficiency requirements of A.A.C. R14-2-602.

PWC and PSC are Arizona Corporations, in good standing with the Corporations Division, and engaged in providing water and wastewater utility services to customers in a portion of Pinal Counties in Arizona. Mr. Edward Robson and his children own most or all of the stocks of the Utilities and have interest in nine other public utilities in Arizona.

By this application, PWC and PSC are seeking Commission authority to add approximately ¼ square-mile to their respective CC&N area. PWC's CC&N area is seven square-miles, whereas, that of PSC is 8-1/2 square-miles. The Utilities serve a community east of Casa Grande in Pinal County.

Based on Staff's review and analysis of the applications, Staff believes that the existing PWC water system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future. Staff also believes that the existing PSC Wastewater Treatment Plant will have adequate capacity to serve the existing and proposed CC&N extension areas.

Staff recommends the Commission approve the Utilities' applications for extension of their respective CC&N to provide water and wastewater services in Pinal County, Arizona, subject to compliance with the following conditions:

1. To require PWC to charge its authorized rates and charges in the extension area.
2. To require PWC to file with Docket Control, as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality Approval to Construct ("ATC") for facilities needed to serve the requested areas within two years of the effective date of an order in this proceeding.

3. To require PWC to file with Docket Control, as a compliance item in this docket, a copy the developer's Certificate of Assured Water Supply ("CAWS") for the requested area within two years of the effective date of an order in this proceeding.
4. To require PWC to file with Docket Control, as a compliance item in this docket, a copy of the Pinal County franchise agreement for the extension area within 365 days of the decision in this matter.
5. To require PSC to charge its authorized rates and charges in the extension area.
6. To require PSC to file with Docket Control, as a compliance item in this docket, a copy of the Pinal County franchise agreement for the extension area within 365 days of the decision in this matter.

Staff further recommends that the Commission's Decision granting the requested CC&N extension to the Utilities be considered null and void, after due process, should PWC fail to meet Conditions Nos. 2, 3, 4, and 6 listed above within the time specified.

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Introduction

On May 4, 2006, Picacho Water Company ("PWC" or "Water Company") and Picacho Sewer Company ("PSC" or "Wastewater Company") collectively referred to as ("The Utilities") filed applications with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of their Certificates of Convenience and Necessity ("CC&N") to provide water and wastewater services in portions of Pinal County, Arizona.

On June 1, 2006, the ACC Utilities Division ("Staff") filed an Insufficiency Letter, indicating that the Utilities' applications did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R-14-2-402(C) and R-14-2-602(B). A copy of the Insufficiency Letter was sent to the Utilities via U.S mail. In the Letter, Staff listed the deficiencies that needed to be cured for administrative purposes.

On July 13, 2006, Staff filed a Sufficiency Letter for PWC indicating that the application had met the sufficiency requirements of A.A.C. R14-2-402.

On July 20, 2006, Staff filed a Sufficiency Letter for PSC indicating that the application had met the sufficiency requirements of A.A.C. R14-2-602.

On August 2, 2006, Staff filed a Motion to Consolidate the above mentioned matters stating that the matters are substantially related and no parties' rights will be prejudiced by the Motion.

On August 17, 2006, a procedural order was issued which consolidated the above mentioned applications for purposes of hearing.

Background

The Utilities are Arizona corporations, in good standing with the Corporations Division, and engaged in providing water and wastewater utility services to customers in a portion of Pinal Counties in Arizona. The original CC&Ns for PWC and PSC were granted by the Commission in Decision No. 61266 (November 25, 1998) and Decision No. 61996 (October 8, 1999), respectively. PSC was granted an extension to its CC&N in Decision No. 67670 (March 9, 2005).

Mr. Edward Robson and his children own most or all of the stocks of the Utilities and have interest in the following public utilities in Arizona: Lago Del Oro Water Company, Pima Utility Water Company, Pima Utility Sewer Company, Saddlebrook Utility Company, Ridgeview Utility Company, Quail Creek Utility Company, Mountain Pass Utility, Santa Rosa Water Company, and Santa Rosa Wastewater Company.

By this application, PWC and PSC are seeking Commission authority to add approximately $\frac{1}{4}$ square-mile to their respective CC&N area. PWC's CC&N area is seven

square-miles, whereas that of PSC is 8-1/2 square-miles. The Utilities serve a community east of Casa Grande in Pinal County.

The Water System

According to the Water Use Data Sheet submitted by PWC, the Water Company has two wells producing 4,300 gallons per minute ("GPM"), an 800,000 gallon storage tank, and a distribution system serving 31 service connections as of March 2006. It is anticipated that the existing service area could grow to approximately 150 connections at the end of five years. The Water Company has predicted an additional 583 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 733 at the end of five years. Based on the existing well production and storage capacities, the system can serve approximately 1,200 service connections.

The Water Company is proposing to extend its water system into the requested area at an estimated cost of \$1.5 million (approximately \$2,500 per lot) by extension of its distribution system through the use of debt and equity financing.

Staff concludes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

The Arizona Department of Environmental Quality ("ADEQ") Certificate of Approval to Construct ("ATC") for facilities needed to serve the requested area has not been submitted by PWC. Therefore, Staff recommends that PWC file with Docket Control, as a compliance item in this docket, a copy of the ADEQ ATC for facilities needed to serve the requested areas within two years of the effective date of an order in this proceeding.

ADEQ Compliance

According to an ADEQ report dated June 14, 2006, PWC's water system was not yet regulated and no compliance monitoring requirements exist. The system has received pertinent approvals to construct and approvals of construction permits. The first ADEQ field inspection was scheduled for June 2006.

According to an ADEQ report dated July 27, 2006, ADEQ has determined that the operation and maintenance of this system is in compliance with respect to the ADEQ Safe Drinking Water Rules.

Arizona Department of Water Resources ("ADWR") Compliance

PWC is located within the Pinal Active Management Area ("AMA") and is in compliance with its reporting and conservation requirements.

According to PWC, the developer has submitted an application for a Certificate of Assured Water Supply ("CAWS"). Staff recommends that PWC file with Docket Control, as a compliance item in this docket, a copy the developer's CAWS for the requested area within two years of the effective date of an order in this proceeding.

ACC Compliance

According to the Utilities Division Compliance Section, PWC has no outstanding ACC compliance issues.

Arsenic

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g/l}$ ") or parts per billion ("ppb") to 10 $\mu\text{g/l}$. According to PWC annual report, the arsenic level for its Well #4 is 1 ppb. Based on this level, PWC is in compliance with the new arsenic standard.

Curtailment Plan Tariff

A Curtailment Plan Tariff ("CPT") is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events.

PWC has an approved curtailment tariff that was approved by Decision No. 67670 effective March 25, 2005.

The Wastewater System

According to PSC's application, PSC has a 250,000 gallon per day ("GPD") wastewater treatment plant ("WWTP") and collection system. Currently, the WWTP is not operational due to the fact that the planned community is in the early stages of development and the wastewater flows have been minimal. Due to these low flows from 22 service laterals, the influent is collected in a wetwell tank and hauled off site.

It is anticipated that the existing service area could grow to approximately 150 laterals at the end of five years. The Wastewater Company has predicted an additional 600 laterals for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 750 at the end of five years. Based on the existing WWTP capacity, the system can serve up to approximately 1,000 service laterals. Staff concludes that the existing WWTP will have adequate capacity to serve the existing and proposed CC&N extension area.

According to PSC's July 14, 2006 response to Staff's Insufficiency letter, "there are no artificial lakes, golf courses, ornamental structures or other aesthetic water features planned for the extension areas. Open spaces in the proposed extension area will be watered with

groundwater in accordance with state law." Once effluent is produced from the WWTP, the effluent will be used to water the golf course in the existing CC&N area, which is expected to be in fall 2006 when the development reaches 100 homes. The pipes for the effluent are already in place. All excess effluent will be sent to recharge basins and recharge wells.

PSC is proposing to extend its sewer system into the requested area at an estimated cost of \$3.0 million (approximately \$5,000 per lot) by extension of its collection system through the use of debt and equity financing.

ADEQ Compliance

According to an ADEQ report dated August 1, 2006, PSC's WWTP was not operational. The master planned community is in the early stages of development and wastewater flows have been minimal. Due to these low flows, the influent is collected in a wetwell tank and hauled away to the Sun Lakes WWTP in accordance with the Aquifer Protection Permit ("APP").

PSC was issued a signed APP, dated May 4, 2005, for its 250,000 GPD wastewater treatment plant. PSC received an approved Section 208 Plan Amendment on June 17, 2005 for increased treatment capacity to 5.4 million GPD.

ACC Compliance

According to the Utilities Division Compliance Section, PSC has no outstanding ACC compliance issues.

Proposed Rates

PWC and PSC have proposed to provide water and wastewater utility services to the extension area under their respective authorized rates and charges.

Franchise

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority, pursuant to ARS 40-282.B. If the applicant operates in an unincorporated area, the applicant has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

The extension area is located in an unincorporated area of Pinal County. As such, Staff recommends that PWC and PSC be required to file with Docket Control, as a compliance item in this docket, a copy of the Pinal County franchise agreement for the extension area within 365 days of the decision in this matter.

Recommendations

Water Service CC&N Extension

Staff recommends the Commission approve PWC's application for extension of its existing Certificate of Convenience and Necessity to provide water service in Pinal County, Arizona, subject to compliance with the following conditions:

1. To require PWC to charge its authorized rates and charges in the extension area.
2. To require PWC to file with Docket Control, as a compliance item in this docket, a copy of the ADEQ ATC for facilities needed to serve the requested areas within two years of the effective date of an order in this proceeding.
3. To require PWC to file with Docket Control, as a compliance item in this docket, a copy the developer's CAWS for the requested area within two years of the effective date of an order in this proceeding.
4. To require PWC to file with Docket Control as a compliance item in this docket a copy of the Pinal County franchise agreement for the extension area within 365 days of the decision in this matter.

Staff further recommends that the Commission's Decision granting the requested CC&N extension to PWC be considered null and void, after due process, should PWC fail to meet Conditions Nos. 2, 3, and 4 listed above within the time specified.

Wastewater Service CC&N Extension

Staff recommends the Commission approve PSC's application for extension of its existing Certificate of Convenience and Necessity to provide wastewater service in Pinal County, Arizona, as amended, subject to compliance with the following conditions:

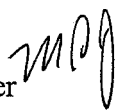
1. To require PSC to charge its authorized rates and charges in the extension area.
2. To require PSC to file with Docket Control, as a compliance item in this docket, a copy of the Pinal County franchise agreement for the extension area within 365 days of the decision in this matter.

Staff further recommends that the Commission's Decision granting the requested CC&N extension to PSC be considered null and void, after due process, should PSC fail to meet Condition No. 2 listed above within the time specified.

MEMORANDUM

DATE: August 15, 2006

TO: Blessing Chukwu
Executive Consultant III

FROM: Marlin Scott, Jr. 
Utilities Engineer

RE: Picacho Water Company
Docket No. W-03528A-06-0313 (CC&N Extension)

Introduction

Picacho Water Company ("Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N"). The requested area will add approximately 1/4 square-mile to the Company's existing seven square-miles of certificated area. The Company serves a community east of Casa Grande in Pinal County.

Capacity

Existing Utility Plant

According to the Water Use Data Sheet submitted by the Company, the Company has two wells producing 4,300 gallons per minute ("GPM"), an 800,000 gallon storage tank, and a distribution system serving 31 service connections as of March 2006. It is anticipated that the existing service area could grow to approximately 150 connections at the end of five years. The Company has predicted an additional 583 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 733 at the end of five years. Based on the existing well production and storage capacities, the system can serve approximately 1,200 service connections.

Proposed Plant Facilities

The Company is proposing to extend its water system into the requested area at an estimated cost of \$1.5 million (approximately \$2,500 per lot) by extension of its distribution system through the use of debt and equity financing.

Staff concludes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional

five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

According to an ADEQ report dated June 14, 2006, this system was not yet regulated and no compliance monitoring requirements exist. The system has received pertinent approvals to construct and approvals of construction permits. The first ADEQ field inspection was scheduled for June 2006.

According to an ADEQ report dated July 27, 2006, ADEQ has determined that the operation and maintenance of this system is in compliance with respect to the ADEQ Safe Drinking Water Rules.

Certificate of Approval to Construct

The ADEQ Certificate of Approval to Construct ("ATC") for facilities needed to serve the requested area has not been submitted by the Company. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC for the extension area within two years after the effective date of the decision in this case.

Arsenic

The U.S. Environmental Protection Agency has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb. According to the Company annual reports, the arsenic level for its Well #4 is 1 ppb. Based on this level, the Company is in compliance with the new arsenic standard.

Arizona Department of Water Resources Compliance

Compliance Status

The Company is located within the Pinal Active Management Area ("AMA") and is in compliance with its reporting and conservation requirements.

Certificate of Assured Water Supply ("CAWS")

According to the Company, the developer has submitted an application for a CAWS. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy the developer's CAWS for the requested area within two years after the effective date of a decision in this case.

Curtailment Tariff

The Company has an approved curtailment tariff that became effective on March 25, 2005 per Decision No. 67670.

Summary

Conclusions

- A. Staff concludes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.
- B. According to an ADEQ report dated July 27, 2006, ADEQ has determined that the operation and maintenance of this system is in compliance with respect to the ADEQ Safe Drinking Water Rules
- C. The Company indicated its arsenic level for its well source is 1 ppb. Based on this level, the Company is in compliance with the new arsenic standard.
- D. The Company is within the Pinal AMA and is in compliance with its reporting and conservation requirements.
- E. The Company has an approved curtailment tariff that became effective on March 25, 2005 per Decision No. 67670.

Recommendations

- 1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC for the extension area within two years after the effective date of the decision in this case.
- 2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy the developer's CAWS for the requested area within two years after the effective date of a decision in this case.

MEMORANDUM

DATE: August 16, 2006

TO: Blessing Chukwu
Executive Consultant III

FROM: Marlin Scott, Jr. *MSJ*
Utilities Engineer

RE: Picacho Sewer Company
Docket No. SW-03709A-06-0314 (CC&N Extension)

Introduction

Picacho Sewer Company ("Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N"). The requested area will add approximately 1/4 square-mile to the Company's existing 8-1/2 square-miles of certificated area. The Company serves a community east of Casa Grande in Pinal County.

Capacity

Existing Utility Plant

According to the Company's application, the Company has a 250,000 gallon per day ("GPD") wastewater treatment plant ("WWTP") and collection system. Currently, the WWTP is not operational due to the fact that the planned community is in the early stages of development and the wastewater flows have been minimal. Due to these low flows from 22 service laterals, the influent is collected in a wetwell tank and hauled off site.

It is anticipated that the existing service area could grow to approximately 150 laterals at the end of five years. The Company has predicted an additional 600 laterals for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 750 at the end of five years. Based on the existing WWTP capacity, the system can serve up to approximately 1,000 service laterals. Staff concludes that the existing WWTP will have capacity to serve the existing and proposed CC&N extension area.

Once effluent is produced from the WWTP, the effluent will be used by the golf course and any future excess flows will be sent to recharge basins and recharge wells.

Proposed Plant Facilities

The Company is proposing to extend its sewer system into the requested area at an estimated cost of \$3.0 million (approximately \$5,000 per lot) by extension of its collection system through the use of debt and equity financing.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

According to an ADEQ report dated August 1, 2006, the WWTP was not operational. The master planned community is in the early stages of development and wastewater flows have been minimal. Due to these low flows, the influent is collected in a wetwell tank and hauled away to the Sun Lakes WWTP in accordance with the Aquifer Protection Permit.

Aquifer Protection Permit ("APP") and Section 208 Plan Amendment

The Company was issued a signed APP, dated May 4, 2005, for its 250,000 GPD wastewater treatment plant. The Company received an approved Section 208 Plan Amendment on June 17, 2005 for increased treatment capacity to 5.4 million GPD.

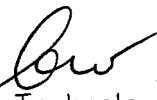
Summary


Conclusions

- A. Staff concludes that the existing WWTP will have capacity to serve the existing and proposed CC&N extension area.
- B. According to an ADEQ report dated August 1, 2006, the WWTP was not operational. The master planned community is in the early stages of development and wastewater flows have been minimal. Due to these low flows, the influent is collected in a wetwell tank and hauled away to the Sun Lakes WWTP in accordance with the APP.
- C. The Company was issued a signed APP, dated May 4, 2005, for its 250,000 GPD wastewater treatment plant. The Company received an approved Section 208 Plan Amendment on June 17, 2005 for increased treatment capacity to 5.4 million GPD.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: May 23, 2006

RE: **PICACHO WATER COMPANY (DOCKET NO. W-03528A-06-0313)**

The area requested by Picacho Water for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached is a copy of the map for your files.

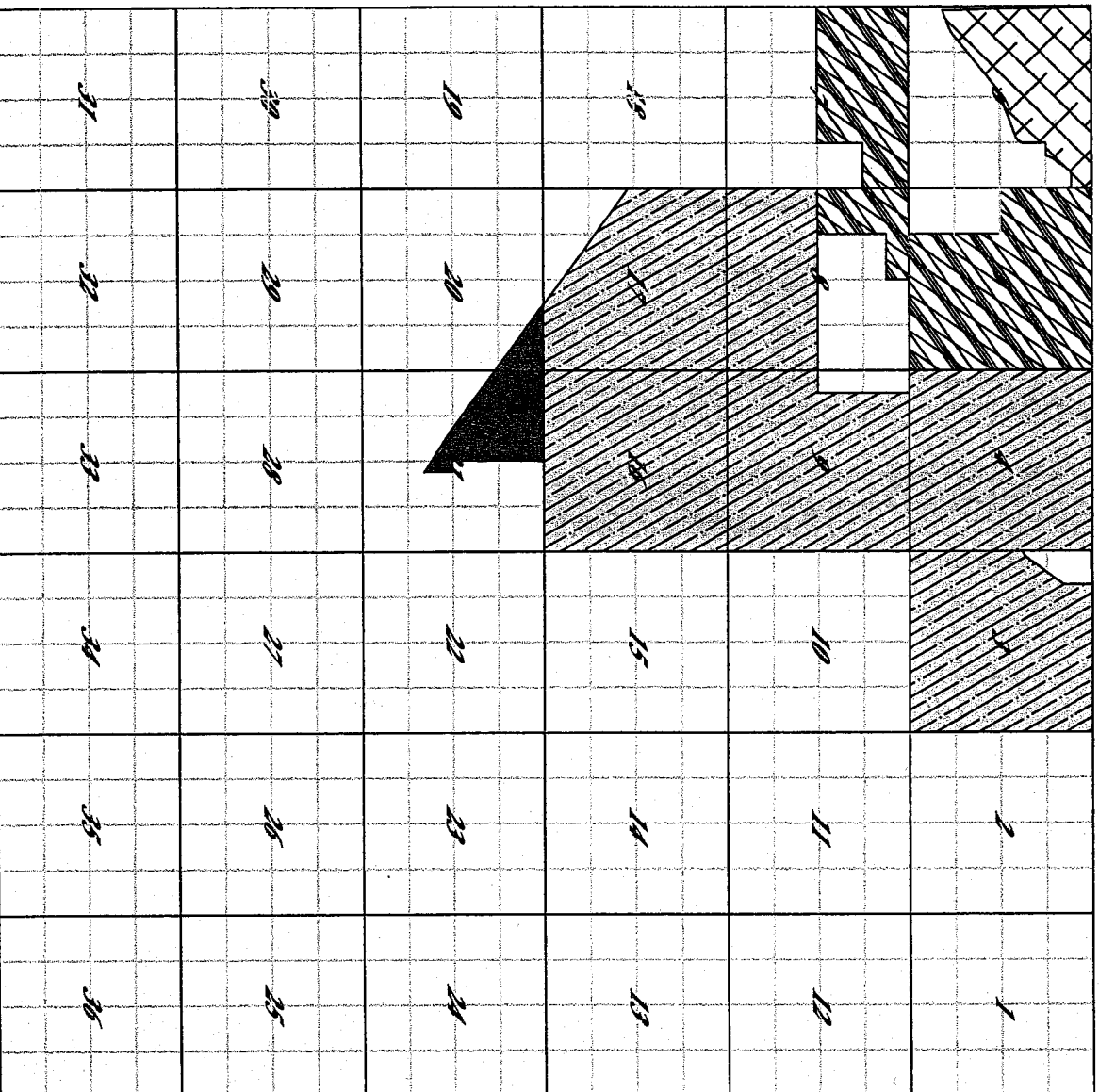
:bsw

Attachments

cc: Mr. Jim Poulos
Ms. Deb Person (Hand Carried)
File

COUNTY: Pinal

RANGE 7 East



TOWNSHIP 7 South



W-1445 (39)(11)

Arizona Water Company (Casa Grande)



W-2497 (1)

Golden Corridor Water Company



Sewer SW-3709 (2)

Picacho Sewer Company



W-3528 (2)

Picacho Water Company



Picacho Water Company
Docket No. W-03528A-06-0313
Application for Extension

EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Water Company CC&N

March 22, 2006

A parcel of land located within the Northeast Quarter of Section 20, and within the West Half and the Southeast Quarter of Section 21, Township 7 South, Range 7 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northwest Corner of said Section 21, a 5/8" rebar;

THENCE South 89°55'22" East 2,648.14 feet along the North line of the Northwest Quarter of said section, to the North Quarter Corner of said section, a GLO brass cap;

THENCE South 00°21'58" West 2,646.48 feet, along the North-South mid-section line of said Section 21, to the East-West mid-section line of said section;

THENCE South 89°46'12" East 332.91 feet along said East-West mid-section line;

THENCE South 00°23'21" West 809.82 feet to the Northeasterly line of Jimmie Kerr Boulevard (Highway 84);

THENCE North 53°50'54" West 85.98 feet along said Northeasterly line, to the beginning of a non-tangent curve, concave Southwesterly, having a radius of 11,509.16 feet, the center of which bears South 33°00'19" West;

THENCE Northwesterly 372.64 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 01°51'18";

THENCE continuing along said Northeasterly line, North 58°50'59" West 274.00 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 11,409.16 feet;

THENCE Northwesterly 777.56 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 03°54'17", to the said East-West mid-section line of Section 21;

EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Water Company CC&N (cont'd)

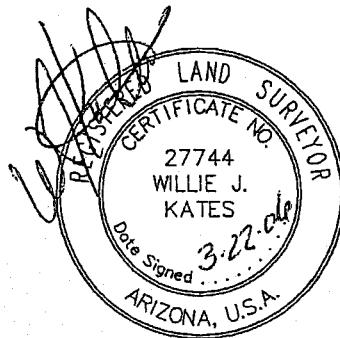
March 22, 2006

THENCE South 89°46'12" East 20.30 feet along said mid-section line;

THENCE continuing along said Northeasterly line of Jimmie Kerr Boulevard, North 53°50'54" West 4,467.63 feet, to the North line of said Northeast Quarter of Section 20;


THENCE North 89°40'35" East 1,899.41 feet along said North line, to the TRUE POINT OF BEGINNING.


The above described parcel contains 7,766,054 square feet, or 178.2841 acres, more or less.



MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: July 24, 2006

RE: **PICACHO SEWER COMPANY (DOCKET NO. W-03709A-06-0314)**
AMENDED LEGAL DESCRIPTION

Picacho Sewer Company has amended its original application to remove a portion of the original requested area. The attached amended legal description has been docketed and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

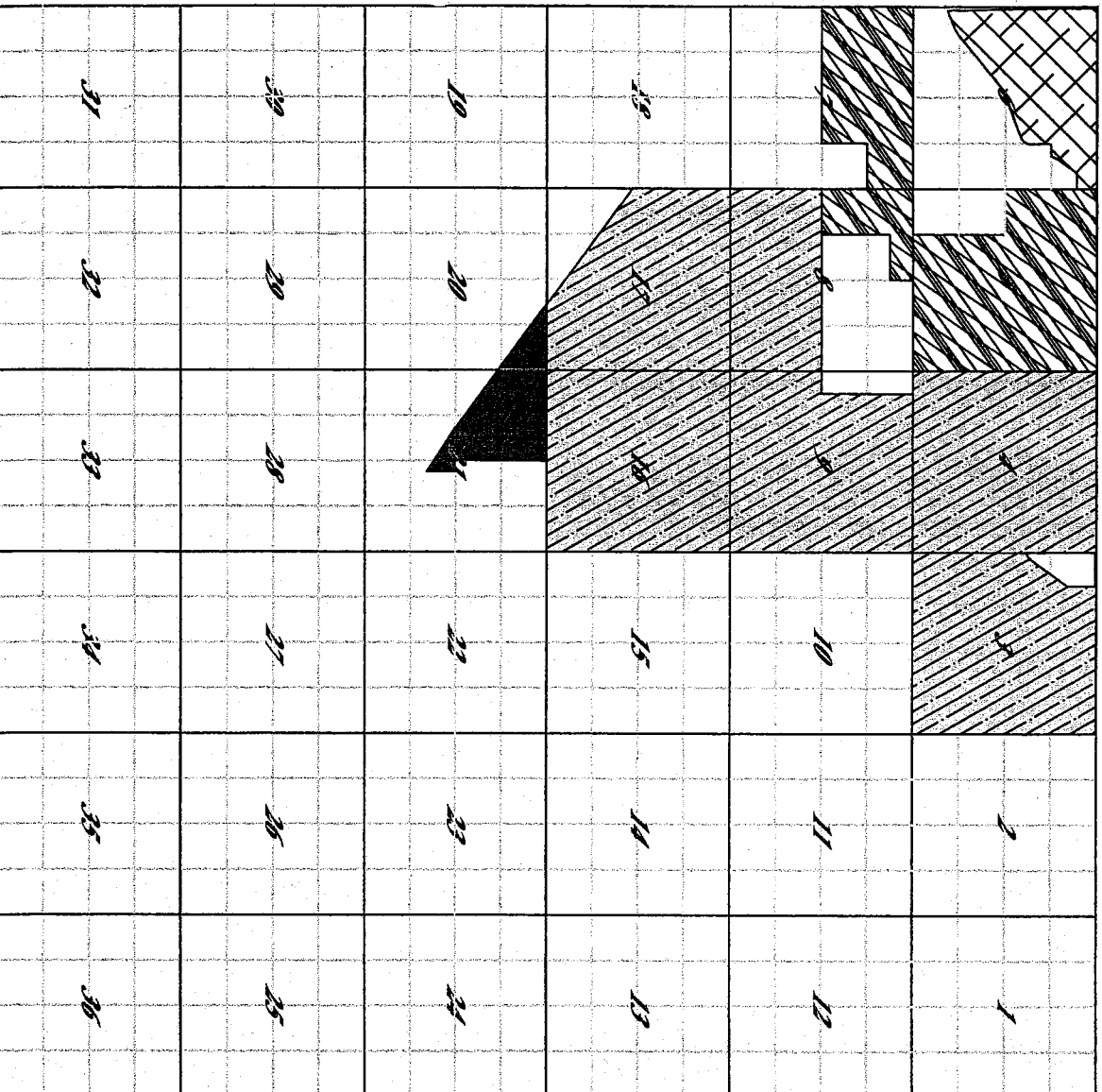
:bsw

Attachments

cc: Mr. Jim Poulos
Ms. Deb Person (Hand Carried)
File

COUNTY OF Pinal

RANGE 7 East



TOWNSHIP 7 South



W-1445 (39)(11)

Arizona Water Company (Casa Grande)



W-2497 (1)

Golden Corridor Water Company



Sewer

SW-3709 (2)

Picacho Sewer Company



W-3528 (2)

Picacho Water Company



Picacho Sewer Company
Docket No. SW-03709A-06-0314
Application for Extension

AMENDED EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Sewer Company CC&N

March 22, 2006

A parcel of land located within the Northeast Quarter of Section 20, and within the West Half and the Southeast Quarter of Section 21, Township 7 South, Range 7 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northwest Corner of said Section 21, a 5/8" rebar;

THENCE South 89°55'22" East 2,648.14 feet along the North line of the Northwest Quarter of said section, to the North Quarter Corner of said section, a GLO brass cap;

THENCE South 00°21'58" West 2,646.48 feet, along the North-South mid-section line of said Section 21, to the East-West mid-section line of said section;

THENCE South 89°46'12" East 332.91 feet along said East-West mid-section line;

THENCE South 00°23'21" West 809.82 feet to the Northeasterly line of Jimmie Kerr Boulevard (Highway 84);

THENCE North 53°50'54" West 85.98 feet along said Northeasterly line, to the beginning of a non-tangent curve, concave Southwesterly, having a radius of 11,509.16 feet, the center of which bears South 33°00'19" West;

THENCE Northwesterly 372.64 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 01°51'18";

THENCE continuing along said Northeasterly line, North 58°50'59" West 274.00 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 11,409.16 feet;

THENCE Northwesterly 777.56 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 03°54'17", to the said East-West mid-section line of Section 21;

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Sewer Company CC&N (cont'd)

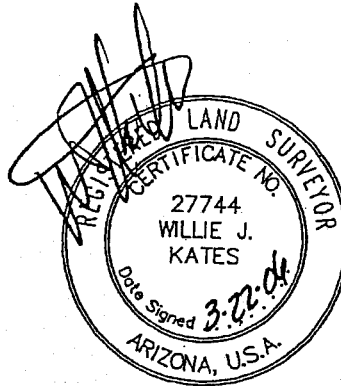
March 22, 2006

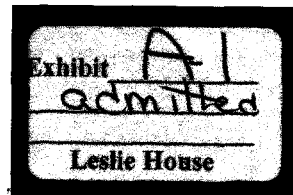
THENCE South 89°46'12" East 20.30 feet along said mid-section line;

THENCE continuing along said Northeasterly line of Jimmie Kerr Boulevard, North 53°50'54" West 4,467.63 feet, to the North line of said Northeast Quarter of Section 20;

THENCE North 89°40'35" East 1,899.41 feet along said North line, to the TRUE POINT OF BEGINNING.

The above described parcel contains 7,766,054 square feet, or 178.2841 acres, more or less.





**Picacho Water Company
9532 E. Riggs Road
Sun Lakes, AZ 85248**

RECEIVED

2006 MAY -4 A 10: 29

May 2, 2006

AZ CORP COMMISSION
DOCUMENT CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Docket No. W-03528A-06 – Application to Extend Water Certificate of Convenience and Necessity (CC&N)

Dear Docket Control:

Picacho Water Company (PWC) was granted a CC&N to provide water service to the development known as Robson Ranch in Decision No. 61266 dated November 25, 1998. Robson Ranch is an age-restricted master planned community located in the City of Eloy.

The developer of Robson Ranch has recently purchased a small parcel that will be included in the development, and pursuant to a request for service attached as Exhibit F has requested water service from PWC. The extension area will consist of 583 residential customers and few light non-residential customers. This application is to extend the water CC&N to the additional area of Robson Ranch.

PWC currently provides water service to a golf course, 16 residential customers and 14 non-residential customers. Its plant in service consists of two wells that pump 4,300 GPM and an 800,000 gallon water storage tank. A third well is in the process of being added to the water delivery system.

PWC proposes that it charge its current rate and charges to the customers in the extension area.

Notice of this application will be sent to the property owners in the extension area as well as to all of the property owners in the existing certificated area. A copy of the notice is attached as Exhibit G. Given the demand for water, it serves the public interest for the Arizona Corporation Commission to grant the extension of the water CC&N that is requested by PWC in this application.

An original and 13 copies submitted.

Sincerely,

Jim Poulos

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

Picacho Water Company

9532 E. Riggs Road

Sun Lakes, AZ 85248

480-895-4251

B. The name, address and telephone number of management contact is:

Jim Poulos

9532 E. Riggs Road

Sun Lakes, AZ 85248

480-895-4251

C. List the name, address and telephone number of the operator certified by the Arizona
Department of Environmental Quality:

Ed MacMeans

40000 S. Ridgeview Blvd.

Tucson, AZ 85739

D. List the name, address and telephone number of the attorney for the Applicant: None

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) Exhibit A
2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) N/A

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. Exhibit B

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors. Exhibit C

H. Attach a current balance sheet and profit and loss statement. Exhibit D

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 250 Second Year 500 Third Year 583 Fourth Year 583

Fifth Year 583

Commercial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Other: (specify)

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential:

First Year 1,750,000 Second Year 3,500,000 Third Year 4,081,000

Fourth Year 4,081,000 Fifth Year 4,081,000

Commercial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year 114,250 Second Year 222,280 Third Year 253,930

Fourth Year 253,930 Fifth Year 253,930

- Complete Attachment "D" (Water Use Data Sheet) for the past 13 months

See Exhibit E

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year 102,825 Second Year 200,000 Third Year 228,530
Fourth Year 228,530 Fifth Year 228,530

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

\$1,500,000

K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Debt and/or equity

L. Estimated starting and completion date of construction of utility facilities:

Starting date 2007 date 2008 Completion

M. Attach the following permits:

1. Franchise from either the City or County for the area requested. Applied for - to be late filed
2. Arizona Department of Environmental Quality or designee's approval to construct facilities. Not yet required
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources. To be applied for
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

[Signature]
(Signature of Authorized Representative)

Tim Poulos
(Print or Type Name Here)

Manager
(Title)

SUBSCRIBED AND SWORN to before me this 3rd day of May, 1906

Veronica Cubbage
NOTARY PUBLIC

My Commission Expires 8/1/08

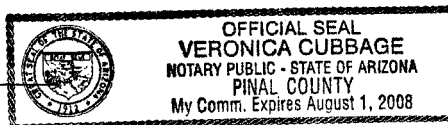


EXHIBIT A

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

PICACHO WATER COMPANY

a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 22, 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 3rd Day of May, 2006, A. D.




Executive Director

By 

EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Water Company CC&N

March 22, 2006

A parcel of land located within the Northeast Quarter of Section 20, and within the West Half and the Southeast Quarter of Section 21, Township 7 South, Range 7 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northwest Corner of said Section 21, a 5/8" rebar;

THENCE South 89°55'22" East 2,648.14 feet along the North line of the Northwest Quarter of said section, to the North Quarter Corner of said section, a GLO brass cap;

THENCE South 00°21'58" West 2,646.48 feet, along the North-South mid-section line of said Section 21, to the East-West mid-section line of said section;

THENCE South 89°46'12" East 332.91 feet along said East-West mid-section line;

THENCE South 00°23'21" West 809.82 feet to the Northeasterly line of Jimmie Kerr Boulevard (Highway 84);

THENCE North 53°50'54" West 85.98 feet along said Northeasterly line, to the beginning of a non-tangent curve, concave Southwesterly, having a radius of 11,509.16 feet, the center of which bears South 33°00'19" West;

THENCE Northwesterly 372.64 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 01°51'18";

THENCE continuing along said Northeasterly line, North 58°50'59" West 274.00 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 11,409.16 feet;

THENCE Northwesterly 777.56 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 03°54'17", to the said East-West mid-section line of Section 21;

EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Water Company CC&N (cont'd)

March 22, 2006

THENCE South 89°46'12" East 20.30 feet along said mid-section line;

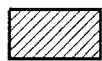
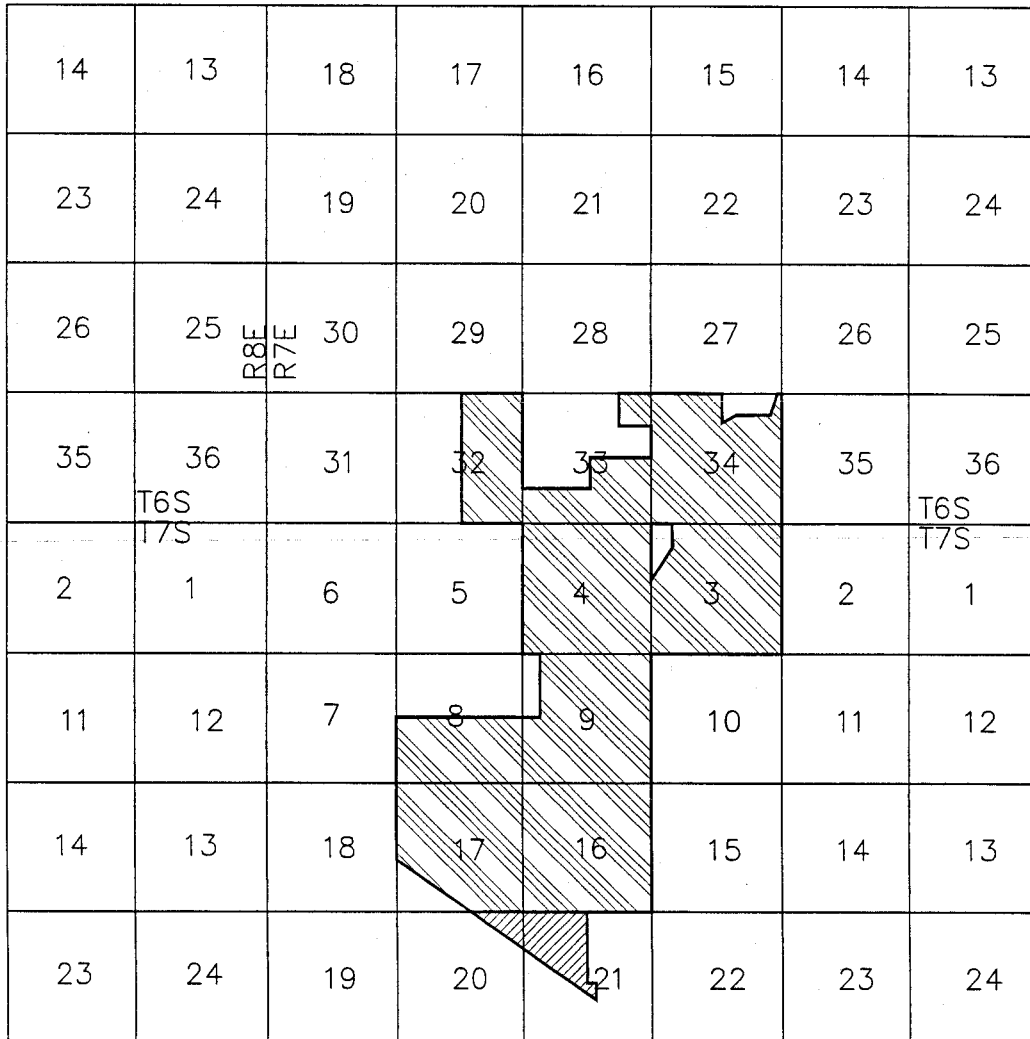
THENCE continuing along said Northeasterly line of Jimmie Kerr Boulevard, North 53°50'54" West 4,467.63 feet, to the North line of said Northeast Quarter of Section 20;

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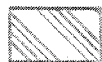
The above described parcel contains 7,766,054 square feet, or 178.2841 acres, more or less.



EXHIBIT C



PICACHO WATER CO CC&N EXPANSION AREA



PICACHO WATER CO CC&N EXISTING AREA

PICACHO WATER CO
APRIL, 2006

EXHIBIT D
PICACHO WATER COMPANY

BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

	<i>In thousands</i>	
	2005	2004
<u>ASSETS</u>		
PLANT IN SERVICE AND UNDER CONSTRUCTION, net	\$ 1,582	\$ 1,466
CURRENT ASSETS:		
Cash	83	119
Service customers receivable	9	26
Prepays and deposits	6	0
Total current assets	98	145
	<u>\$ 1,680</u>	<u>\$ 1,611</u>
<u>LIABILITIES AND CAPITALIZATION</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 6	\$ 13
Accrued liabilities	35	23
Due to affiliate	34	0
Total current liabilities	75	36
DEFERRED INCOME TAXES	26	22
Total liabilities	101	58
CAPITALIZATION		
Common stock	1,475	1,475
Authorized 50,000 shares; 2,000 shares issued and outstanding		
Retained earnings	104	78
Total capitalization	1,579	1,553
	<u>\$ 1,680</u>	<u>\$ 1,611</u>

PICACHO WATER COMPANY

STATEMENTS OF INCOME
FOR THE PERIOD FROM INCEPTION (AUGUST 15, 2004) TO DECEMBER 31, 2004
AND THE YEAR ENDED DECEMBER 31, 2005

	<i>In thousands</i>	
	<u>2005</u>	<u>2004</u>
REVENUE:		
Construction water sales	\$ 245	\$ 189
Establishment and connection fees	<u>1</u>	<u>0</u>
Total revenue	<u>246</u>	<u>189</u>
EXPENSES:		
Salaries and employee benefits	61	42
Electricity	75	18
Repairs and maintenance	10	3
Chemicals	1	1
Testing, fees and permits	8	0
Insurance	3	0
Other expenses	<u>8</u>	<u>1</u>
	<u>166</u>	<u>65</u>
Income before depreciation, interest and taxes	80	124
Depreciation	41	16
Interest expense	6	1
Income tax expense	<u>7</u>	<u>29</u>
NET INCOME	<u>\$ 26</u>	<u>\$ 78</u>

WATER USE DATA SHEET

NAME OF COMPANY	Picacho Water Company
ADEQ Public Water System No.	11-135

MONTH/YEAR (Last 13 Months)	<u>NUMBER OF CUSTOMERS</u>	GALLONS SOLD (Thousands)
3/05	1	59
4/05	1	1,316
5/05	1	5,592
6/05	1	27,648
7/05	1	7,263
8/05	1	4,161
9/05	1	5,914
10/05	1	17,322
11/05	1	7,325
12/05	22	2,493
1/06	25	3,923
2/06	27	1,880
3/06	31	1,580

[illegible]

Other Water Sources in Gallons per Minute <u>N/A</u>	<u>GPM</u>	4,300
Fire Hydrants on System <u>99</u>	Yes	No
Total Water Pumped Last 13 Months (Gallons in Thousands) _____		86,476


Robson Communities[®]
Master-Planned Resort Living
EXHIBIT F

April 18, 2006

VIA FACSIMILE

Picacho Water Company
9532 East Riggs Road
Sun Lakes, Arizona 85248

RE: Request for Water Service

To Whom It May Concern:

The beneficial owner of the property more fully described on Exhibit "A" attached to this letter hereby requests that Picacho Water Company provide water services to the property. Please contact the undersigned with any questions or with requests for any additional information.

Sincerely,



EXHIBIT A

Legal Description

Robson Ranch Arizona
Units 27 & 28

March 22, 2006

A parcel of land located within the Northeast Quarter of Section 20, and within the West Half and the Southeast Quarter of Section 21, Township 7 South, Range 7 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

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THENCE South 89°55'22" East 2,648.14 feet along the North line of the Northwest Quarter of said section, to the North Quarter Corner of said section, a GLO brass cap;

THENCE South 00°21'58" West 2,646.48 feet, along the North-South mid-section line of said Section 21, to the East-West mid-section line of said section;

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THENCE Northwesterly 372.64 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 01°51'18";

THENCE continuing along said Northeasterly line, North 58°50'59" West 274.00 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 11,409.16 feet;

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EXHIBIT A

Legal Description

Robson Ranch Arizona
Units 27 & 28

March 22, 2006

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The above described parcel contains 7,766,054 square feet, or 178.2841 acres, more or less.



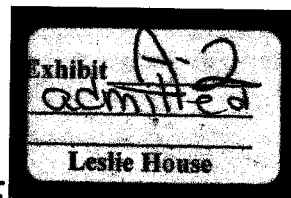
EXHIBIT G

PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION OF ITS
CETIFICATE OF CONVENIENCE AND NECESSITY BY
PICACHO WATER COMPANY

Picacho Water Company has filled with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either currently a customer of Picacho Water Company or are a property owner in the proposed extension area. If the application is granted, Picacho Water would be the exclusive provider of water service to the propose area. Picacho Water Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at Picacho Water Company, 9532 E. Riggs road, Sun Lakes, AZ 85248

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information an intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, AZ 85007 or call 1-800-222-7000.



**Picacho Water Company
9532 E. Riggs Road
Sun Lakes, AZ 85248**

RECEIVED

2006 MAY 17 P 2:18

May 17, 2006

**AZ CORP COMMISSION
DOCUMENT CONTROL**

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Docket No. W-03528A-06 -⁰³¹³Certification of Mailing

Dear Docket Control:

I hereby certify that each property owner in the existing certificated area and in the proposed extension area was either mailed or hand delivered a notice of the application to extend Picacho Water Company's certification area on May 17, 2006. A copy of the notice that was delivered is attached.

An original and 13 copies submitted.

Sincerely,

Jim Poulos

A handwritten signature in dark ink, appearing to be "Jim Poulos".

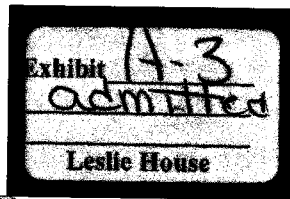
Docketcontrol.116

PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION OF ITS
CETIFICATE OF CONVENIENCE AND NECESSITY BY
PICACHO WATER COMPANY

Picacho Water Company has filled with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either currently a customer of Picacho Water Company or are a property owner in the proposed extension area. If the application is granted, Picacho Water would be the exclusive provider of water service to the propose area. Picacho Water Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at Picacho Water Company, 9532 E. Riggs road, Sun Lakes, AZ 85248

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information an intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, AZ 85007 or call 1-800-222-7000.



**Picacho Sewer Company
9532 E. Riggs Road
Sun Lakes, AZ 85248**

RECEIVED

2006 MAY -4 A 10: 30

AZ CORP COMMISSION
DOCUMENT CONTROL

May 2, 2006

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Docket No. SW-03709A-06 – Application to Extend Sewer Certificate of Convenience and Necessity (CC&N)

Dear Docket Control:

Picacho Sewer Company (PSC) was granted a CC&N to provide sewer service to the development known as Robson Ranch in Decision No. 61996 dated October 8, 1999. Robson Ranch is an age-restricted master planned community located in the City of Eloy. PSC's sewer CC&N was extended to include the Master Planned Community known as EJR Ranch in Decision No. 67670 dated March 9, 2005. EJR Ranch is a Planned Area Development located in Pinal County.

The developer of Robson Ranch has recently purchased a small parcel that will be included in the Robson Ranch development, and pursuant to a request for service attached as Exhibit D has requested sewer service from PSC. This area will consist of 583 residential customers and few light non-residential customers. The developer of EJR Ranch has also acquired a small parcel that will be included in the EJR Ranch development, and pursuant to the request for service in Exhibit D has requested service from PSC. This extension area will consists of about 600 residential customers and a few light non-residential customers. This application is to extend the sewer CC&N to the additional areas of Robson Ranch and EJR Ranch.

PSC commenced sewer service to Robson Ranch in January 2006 and is currently serving 16 residential customers and 6 commercial customers. Its plant service consists of a .25mgd wastewater treatment plant. Its 208 capacity is 5.4 mgd, which is more than sufficient to serve the proposed extension areas.

PSC proposes that it charge its current rates and charges to the customers in the extension area.

Notice of this application will be sent to the property owners in the extension area as well as to all of the property owners in the existing certificated area. A copy of the notice is attached as Exhibit E. Given the demand for sewer, it serves the public interest for the Arizona Corporation Commission to grant the extension of the sewer CC&N that is requested by PSC in this application.

An original and 13 copies submitted.

Sincerely,


Jim Poulos

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

Picacho Sewer Company

9532 E. Riggs Road

Sun Lakes, AZ 85248

480-895-4200

B. The name, address and telephone number of management contact is:

Jim Poulos

9532 E. Riggs Road

Sun Lakes, AZ 85248

480-895-4251

C. List the name, address and telephone number of the operator certified by the Arizona
Department of Environmental Quality:

Ed MacMeans

40000 S. Ridgeview Blvd.

Tucson, AZ 85739

520-825-5515

D. List the name, address and telephone number of the attorney for the Applicant: None

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) Exhibit A
2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) Not Required

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. Exhibit B

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors. Exhibit C

H. Attach a current balance sheet and profit and loss statement. None - Recently commenced operations

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 250 Second Year 500 Third Year 700 Fourth Year 900
Fifth Year 1,100

Commercial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Other: (specify)

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Commercial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year 133,500 Second Year 259,500 Third Year 358,800

Fourth Year 459,600 Fifth Year 560,400

- Complete Attachment "D" (Water Use Data Sheet) for the past 13 months

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year 120,150 Second Year 233,550 Third Year 322,920

Fourth Year 413,640 Fifth Year 504,360

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

3,000,000.00

K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Debit and/or equity

L. Estimated starting and completion date of construction of utility facilities:

Starting date 2007 date 2012 Completion

M. Attach the following permits:

1. Franchise from either the City or County for the area requested. Applied for - to be late-filed
2. Arizona Department of Environmental Quality or designee's approval to construct facilities. Not yet required
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources. N/A

- If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

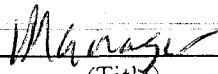
- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.



(Signature of Authorized Representative)



(Print or Type Name Here)



(Title)

SUBSCRIBED AND SWORN to before me this 3rd day of May, 1906



NOTARY PUBLIC

My Commission Expires

8/1/08



EXHIBIT A

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

PICACHO SEWER COMPANY

a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 22, 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 3rd Day of May, 2006, A. D.



Executive Director

By

EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Sewer Company CC&N

March 22, 2006

A parcel of land located within the Northeast Quarter of Section 20, and within the West Half and the Southeast Quarter of Section 21, Township 7 South, Range 7 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northwest Corner of said Section 21, a 5/8" rebar;

THENCE South 89°55'22" East 2,648.14 feet along the North line of the Northwest Quarter of said section, to the North Quarter Corner of said section, a GLO brass cap;

THENCE South 00°21'58" West 2,646.48 feet, along the North-South mid-section line of said Section 21, to the East-West mid-section line of said section;

THENCE South 89°46'12" East 332.91 feet along said East-West mid-section line;

THENCE South 00°23'21" West 809.82 feet to the Northeasterly line of Jimmie Kerr Boulevard (Highway 84);

THENCE North 53°50'54" West 85.98 feet along said Northeasterly line, to the beginning of a non-tangent curve, concave Southwesterly, having a radius of 11,509.16 feet, the center of which bears South 33°00'19" West;

THENCE Northwesterly 372.64 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 01°51'18";

THENCE continuing along said Northeasterly line, North 58°50'59" West 274.00 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 11,409.16 feet;

THENCE Northwesterly 777.56 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 03°54'17", to the said East-West mid-section line of Section 21;

EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Sewer Company CC&N (cont'd)

March 22, 2006

THENCE South 89°46'12" East 20.30 feet along said mid-section line;

THENCE continuing along said Northeasterly line of Jimmie Kerr Boulevard, North 53°50'54" West 4,467.63 feet, to the North line of said Northeast Quarter of Section 20;

THENCE North 89°40'35" East 1,899.41 feet along said North line, to the TRUE POINT OF BEGINNING.

The above described parcel contains 7,766,054 square feet, or 178.2841 acres, more or less.

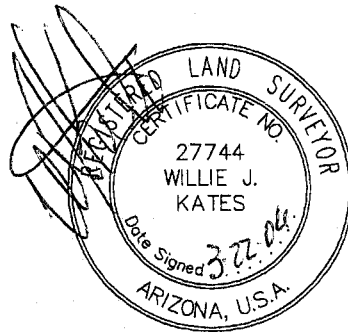


EXHIBIT B

Legal Description

EJR Ranch – Henness Parcel
Addition to Picacho Sewer Company CC&N
Northwest Quarter Section 28 T.6S., R.7E., G&SRM

March 23, 2006

A parcel of land located in Section 28, Township 6 South, Range 7 East, Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northwest Corner of said Section 28;

THENCE along the North line of the Northwest Quarter of said Section 28, S89°40'08"E, a distance of 2,648.50 feet to the North Quarter Corner of said Section;

THENCE along the East line of the Northwest Quarter of said Section 28, S00°34'17"W, a distance of 2,680.43 feet to the Center of said Section;

THENCE along the South line of the Northwest Quarter of said Section 28, S89°47'31"W, a distance of 2,665.39 feet to the West Quarter Corner of said Section;

THENCE along the West line of the Northwest Quarter of said Section, N00°55'27"E, a distance of 2,705.65 feet to the Northwest Corner of said Section 28 and THE POINT OF BEGINNING.

The above-described parcel contains 7,154,629 square feet or 164.25 acres, more or less.

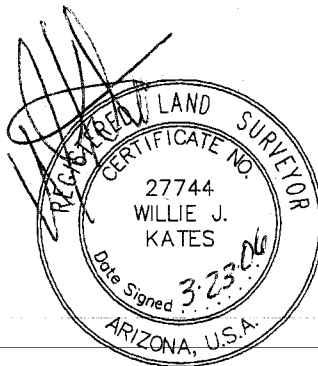
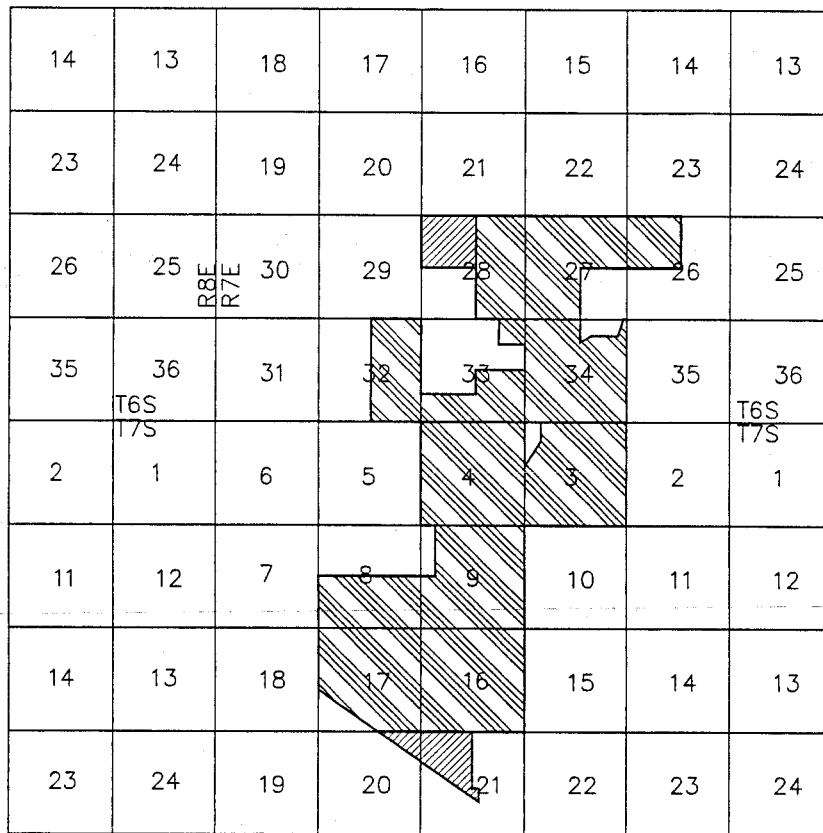


EXHIBIT C



PICACHO SEWER CO CC&N EXPANSION AREA



PICACHO SEWER CO CC&N EXISTING AREA

**PICACHO SEWER CO
APRIL, 2006**


Robson CommunitiesSM
Master-Planned Resort Living
EXHIBIT D

April 18, 2006

VIA FACSIMILE

Picacho Sewer Company
9532 East Riggs Road
Sun Lakes, Arizona 85248

RE: Request for Sewer Service

To Whom It May Concern:

The beneficial owner of the property more fully described on Exhibit "A" attached to this letter hereby requests that Picacho Sewer Company provide sewer services to the property. Please contact the undersigned with any questions or with requests for any additional information.

Sincerely,

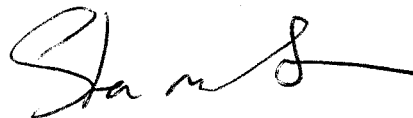


EXHIBIT A

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THENCE along the West line of the Northwest Quarter of said Section, N00°55'27"E, a distance of 2,705.65 feet to the Northwest Corner of said Section 28 and THE POINT OF BEGINNING.

The above-described parcel contains 7,154,629 square feet or 164.25 acres, more or less.

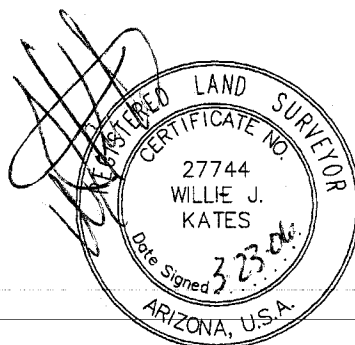


EXHIBIT A

Legal Description

Robson Ranch Arizona
Units 27 & 28

March 22, 2006

A parcel of land located within the Northeast Quarter of Section 20, and within the West Half and the Southeast Quarter of Section 21, Township 7 South, Range 7 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northwest Corner of said Section 21, a 5/8" rebar;

THENCE South 89°55'22" East 2,648.14 feet along the North line of the Northwest Quarter of said section, to the North Quarter Corner of said section, a GLO brass cap;

THENCE South 00°21'58" West 2,646.48 feet, along the North-South mid-section line of said Section 21, to the East-West mid-section line of said section;

THENCE South 89°46'12" East 332.91 feet along said East-West mid-section line;

THENCE South 00°23'21" West 809.82 feet to the Northeasterly line of Jimmie Kerr Boulevard (Highway 84);

THENCE North 53°50'54" West 85.98 feet along said Northeasterly line, to the beginning of a non-tangent curve, concave Southwesterly, having a radius of 11,509.16 feet, the center of which bears South 33°00'19" West;

THENCE Northwesterly 372.64 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 01°51'18";

THENCE continuing along said Northeasterly line, North 58°50'59" West 274.00 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 11,409.16 feet;

THENCE Northwesterly 777.56 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 03°54'17", to the said East-West mid-section line of Section 21;

EXHIBIT A

Legal Description

Robson Ranch Arizona
Units 27 & 28

March 22, 2006

THENCE South 89°46'12" East 20.30 feet along said mid-section line;

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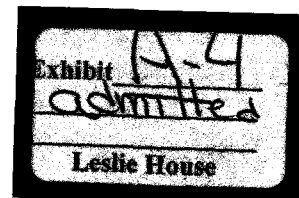
EXHIBIT E

PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION OF ITS
CETIFICATE OF CONVENIENCE AND NECESSITY BY
PICACHO SEWER COMPANY

Picacho Sewer Company has filled with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide sewer service. Our records indicate that you are either currently a customer of Picacho Sewer Company or are a property owner in the proposed extension area. If the application is granted, Picacho Sewer would be the exclusive provider of sewer service to the propose area. Picacho Sewer Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at Picacho Sewer Company, 9532 E. Riggs road, Sun Lakes, AZ 85248

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information an intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, AZ 85007 or call 1-800-222-7000.



Picacho Sewer Company
9532 E. Riggs Road
Sun Lakes, AZ 85248

RECEIVED

2006 MAY 17 P 2:20

May 17, 2006

AZ CORP COMMISSION
DOCUMENT CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

-0314

Docket No. SW-03709A-06 -Certification of Mailing

Dear Docket Control:

I hereby certify that each property owner in the existing certificated area and in the proposed extension area was either mailed or hand delivered a notice of the application to extend Picacho Sewer Company's certification area on May 17, 2006. A copy of the notice that was delivered is attached.

An original and 13 copies submitted.

Sincerely,

Jim Poulos

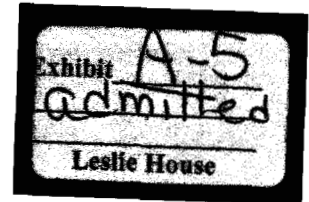
Docketcontrol.115

PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION OF ITS
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If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, AZ 85007 or call 1-800-222-7000.



**Picacho Sewer Company
9532 E. Riggs Road
Sun Lakes, AZ 85248**

RECEIVED

2006 JUL 14 P 2:27

AZ CORP COMMISSION
DOCUMENT CONTROL

June 14, 2006

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re; Picacho Sewer Company (PSC) – Application for Extension of Certificate of Convenience and Necessity (CC&N) Docket NO. SW-03709A-06-0314
Insufficiency letter

Please note that attached to this response is an amended Exhibit B and Exhibit C where the NW¼ of Section 28 is deleted from the requested extension area. The NW¼ of Section 28 is part of EJR Ranch development which has been put on hold. The area described in the amended Exhibit B and Exhibit C is the area which PSC proposes to extend its CC&N.

The following is PSC's response to the June 1, 2006 Insufficiency letter from the Commission:

1. Failure to comply with prior Commission Decisions –

Regarding Decision No. 65133 in Docket No. SW-03709A-01-0165, PSC has not executed any documents related to any financing matters authorized in Decision No. 65133, and regarding Decision No. 67670 in Docket No. SW-03709A-04-0642, there are no customers yet in the proposed service area. PSC is not out of compliance with either Commission decision.

2. Failure to file the Company's 2005 Annual Report –

The company filed its 2005 annual report on April 14, 2006. In a letter dated May 24, 2006 the Commission indicated that the report had not been received. The 2005 annual report was re-sent to Renee de la Fuente by facsimile on June 1, 2006, and new signature pages were sent by facsimile on June 6, 2006.

3. The Company did not commence operations in 2005. Operations commenced on February 17, 2006.

4. If the application to extend the CC&N is approved PSC will file an application with the Commission seeking authority for either debt financing, equity financing, or a combination of debt and equity financing to fund the cost of constructing the wastewater facilities to serve the extension areas.
5. Enclosed is PSC's CAAG Section 208 plan update amendment authorizing 5.4mgd treatment plant capacity to serve the Robson Ranch and EJL Ranch developments. The proposed extension area is part of the Robson Ranch Development, and the 5.4MGD approved 208 capacity is sufficient to serve the proposed extension area.
6. Enclosed is a copy of PSC's Aquifer Protection Permit issued by ADEQ which has sufficient capacity to serve the proposed extension area.
7. The application for a sewer franchise from Pinal County was submitted on April 3, 2006. The application is currently pending approval from the Board of Supervisors.
8. ADEQ does not issue approvals to construct wastewater facilities therefore no such application has been made.
9. There are no artificial lakes, golf courses, ornamental structures or other aesthetic water features planned for the extension areas. Open spaces in the proposed extension area will be watered with groundwater in accordance with state law.
10. PSC will commence delivering effluent to the golf course in the existing CC&N area as soon as it is available, which is expected to be in fall of 2006 when the development reaches 100 homes. Effluent piping for this effluent delivery is already in place. All excess effluent beyond what is reused will be recharged via PSC's recharge facilities pursuant to its aquifer protection permit and its constructed underground storage facility permit.

An original and 13 copies submitted.

Sincerely,


Jim Poulos

AMENDED EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Sewer Company CC&N

March 22, 2006

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Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Sewer Company CC&N (cont'd)

March 22, 2006

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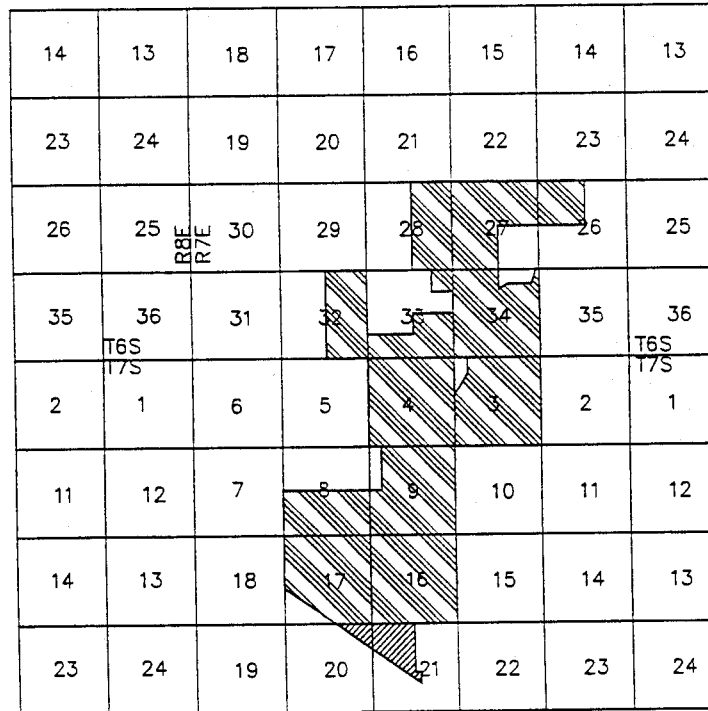
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

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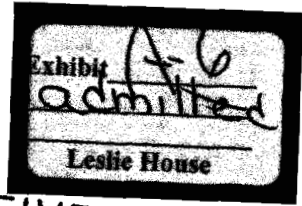
AMENDED EXHIBIT C



-  PICACHO SEWER CO CC&N EXPANSION AREA
-  PICACHO SEWER CO CC&N EXISTING AREA

PICACHO SEWER CO
APRIL, 2006
JULY, 2006 REVISION

**Picacho Water Company
Picacho Sewer Company
9532 E. Riggs Road
Sun Lakes, AZ 85248**



RECEIVED

2006 SEP 11 A 11:32

AZ CORP COMMISSION
DOCUMENT CONTROL

September 7, 2006

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re: Docket No. W-03528A-06-0313 and SW-03709A-06-0314
Certification of public notice

I hereby certify that each property owner or property owner representative in the requested extension area received a copy of the attached notice and that the same notice was published once in the Eloy Enterprise, a newspaper of general circulation in the service territory by September 1, 2006.

An original and 15 copies submitted.

Sincerely,

A handwritten signature in cursive script that reads "Jim Poulos".

Jim Poulos

PRINTERS

INVOICE

PUBLISHERS

The Eloy Enterprise

CASA GRANDE VALLEY NEWSPAPERS INC.

BUSINESS OFFICE

Phone (520) 836-7461 P.O. BOX 15002

Casa Grande, Arizona 85230-5002

ROBSON COMMUNITIES, INC.

ATTN: RONNIE CUBBAGE

9532 E. RIGGS RD.

SUN LAKES AZ 85248

AUGUST 31, 20 06

OUR ORDER NO. 37739

CUSTOMER ORDER NO. _____

EQUIPMENT TO DO FINE PRINTING - CRAFTSMEN WHO DO IT

QUANTITY	DESCRIPTION	PRICE
	LEGAL PUBLICATION: PUBLIC HEARING / PICACHO WATER COMPANY	
	PUBLISHED ONE (1) TIME 13.50 INCHES PER PUBLICATION	
	13.50 INCHES @ \$5.76 PER INCH	\$ 77.76
		TAX 3% \$ 2.33
		TOTAL DUE \$ 80.09
	PLP	

STATE OF ARIZONA
COUNTY OF PINAL

SS.

PUBLIC NOTICE OF THE HEARING
FOR THE APPLICATION OF PICACHO
WATER COMPANY FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY AND
FOR THE APPLICATION OF PICACHO
SEWER COMPANY FOR APPROVAL TO
EXTEND ITS SEWER CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
AN ADDITIONAL PORTION OF
ROBSON RANCH IN PINAL COUNTY
Docket No. W-03528A-06-0313
AND SW-03709A-06-0314

On May 4, 2006, Picacho Water Company ("PWC") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity ("Certificate"). Also on May 4, 2006, Picacho Sewer Company ("PSC") filed an application with the Commission for an extension of its Certificate to include additional portion of Robson Ranch in Pinal County. If the applications are granted, the Applicants would be the exclusive providers of water and wastewater service to the proposed extension areas and would be required by the Commission to provide service under rates and charges and terms and conditions established by the Commission. The applications, report of the Commission's Utilities Division Staff, and any written exceptions to the Staff Report prepared by the Applicant will be available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at the offices of the Applicant, 9532 E. Riggs Road, Sun Lakes, AZ 85248 and on the Internet via the Commission website (www.azcc.gov) using the e-docket function.

The Commission will hold a public hearing on these matters on October 6, 2006, at 10:00a.m. at the Commission's offices, at 1200 West Washington Street, Phoenix, Arizona. Public comment will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. Intervention shall be permitted to any person entitled by law to intervene and having direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Applicant or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.

2. A short statement of the proposed intervenor's interest in the proceeding (e.g. a customer of the Applicant, a shareholder if the Company, a competitor, etc.).

3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on or before September 15, 2006. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. Failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. You will not, however, receive any further notice of the proceeding unless you requested by you. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to:

The Arizona Corporation Commission
Attention Docket Control
Re: Picacho Sewer Company
W-03528A-06-0313 and SW-03709A-06-0314

1200 West Washington

Phoenix, Arizona 85007

If you have any questions about this application, you may contact the Applicant at 480-895-9200. If you wish to file written comments on the application or want further information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000.

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No. of publications: 1; date of publication: Aug. 31, 2006.

Affidavit of Publication

DONOVAN M. KRAMER SR. first being duly sworn deposes and says: That he is a native born citizen of the United States of America, over 21 years of age, that he is publisher of the Eloy Enterprise, a weekly newspaper published at Eloy, Pinal County, Arizona, on Thursday of each week; that a notice, a full, true and complete printed copy of which is hereunto attached, was printed in the regular edition of said newspaper, and not in a supplement thereto, for ONE consecutive issues the first publication thereof having been on the 31ST

day of AUGUST A.D., 2006

Second publication _____

Third publication _____

Fourth publication _____

Fifth publication _____

Sixth publication _____

THE ELOY ENTERPRISE

By Donovan M. Kramer Sr.
DONOVAN M. KRAMER SR., Publisher

Sworn to before me this 4th

day of September A.D. 2006

Notary Public in and for the County

Notary Public State of Arizona

Pinal County

Armelle M. Sanchez

My Commission Expires

09/30/2009



Sun Lakes – Casa Grande Development , LLC
9532 E. Riggs Road
Sun Lakes, AZ 85248

**PUBLIC NOTICE OF THE HEARING FOR THE APPLICATION OF PICACHO
WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY AND FOR THE APPLICATION OF
PICACHO SEWER COMPANY FOR APPROVAL TO EXTEND ITS SEWER
CERTIFICATE OF CONVENIENCE AND NECESSITY TO AN ADDITIONAL
PORTION OF ROBSON RANCH IN PINAL COUNTY**

Docket No. W-03528A-06-0313 AND SW-03709A-06-0314

On May 4, 2006, Picacho Water Company ("PWC") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity ("Certificate"). Also on May 4, 2006, Picacho Sewer Company ("PSC") filed an application with the Commission for an extension of its Certificate to include additional portion of Robson Ranch in Pinal County. If the applications are granted, the Applicants would be the exclusive providers of water and wastewater service to the proposed extension areas and would be required by the Commission to provide service under rates and charges and terms and conditions established by the Commission. The applications, report of the Commission's Utilities Division Staff, and any written exceptions to the Staff Report prepared by the Applicant will be available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at the offices of the Applicant, 9532 E. Riggs Road, Sun Lakes, AZ 85248 and on the internet via the Commission website (www.azcc.gov) using the e-docket function.

The Commission will hold a public hearing on these matters on **October 6, 2006, at 10:00a.m.** at the Commission's offices, at 1200 West Washington Street, Phoenix, Arizona. Public comment will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. Intervention shall be permitted to any person entitled by law to intervene and having direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Applicant or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor 's interest in the proceeding (e.g. a customer of the Applicant, a shareholder if the Company, a competitor, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on or before September 15, 2006. The

granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. Failure to intervene will not preclude any interested person or entity from appearing at the hearing and making a statement on their own behalf. You will not, however, receive any further notice of the proceeding unless you requested by you. Please check with the Commission for any changes to the scheduled hearing date.

If you have any comments, mail them to:

The Arizona Corporation Commission
Attention Docket Control
Re: Picacho Sewer Company
W-03528A-06-0313 and SW-03709A-06-0314
1200 West Washington
Phoenix, Arizona 85007

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Old Republic Title Insurance Agency, Inc.
Patti Shaw
Trust Department
2201 E. Camelback, Suite 215B
Phoenix, AZ 85016

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T.E.S. Farms
c/o Howard Epstein, Managing Director
Bank of America
201 E. Washington Street
Phoenix, AZ 85004

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